GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2009
ANSWERED ON:03.08.2001
ELEVENTH FINANCE COMMISSION RECOMMENDATION ON ROYALTY
TRILOCHAN KANUNGO

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have taken the recommendation of the Eleventh FinanceCommission regarding revision of royalty on minerals, coal, oil and natural gas into consideration;

(b) if so, the details thereof;

(c) if not, the reasons for the same; and

(d) the time by which a final decision is likely to be taken in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) Yes, Sir.

(b) to (d) The periodicity of revision of royalty on minerals is governed by Section 9 ofthe Mines and Minerals (Development and Regulation) Act, 1957. According to this Act, the Central Government may revise the rate of royalty in respect of any mineral with effect from such date as may be specified provided that such revision shall not be made more than once during any period of three years.

There is no proposal under consideration of Government for entrusting the task of making recommendations for revision of royalty rates on minerals to an independent body. However, independent Study Groups comprising the representatives of States, Central Ministries/ Departments concerned, the industry and technical organisations are constituted to make recommendations on the rates of royalty on minerals. The existing system is fair and transparent and meets the objectives of the recommendations made by the EFC. Royalty on Crude Oil and Natural Gas is governed by the provisions of Oil Fields (Regulation and Development) Act, 1948 and the Petroleum and Natural Gas Rules, 1959 framed there under,as amended from time to time. With a view to evolve a new scheme of royalty on crude oil applicable with effect from 01.04.1998, a Committee has been constituted by the Government.